

## Market Commentary

**Recap:** The crude market continued on its upward trend on Wednesday, although it gave up some of its earlier gains after the Federal Reserve held interest rates steady and penciled in just one rate cut this year following the end of its two-day policy setting meeting. The oil market traded higher in overnight trading and was well supported after the latest U.S. Consumer Price Index data showed inflation slowed in May. The CPI index increased 3.3% on the year and remained unchanged on the month, pointing to easing price pressures. The crude market rallied to a high of \$79.32. However, the market gave up some of its gains and posted a low of \$77.88 after the EIA reported an unexpected 3.7 million barrel build in crude stocks, along with increases in both heating oil and gasoline stocks of 881,000 barrels and 2.566 million barrels, respectively. The market later bounced off its low but remained range bound following the Fed meeting. The July WTI contract settled up 60 cents at \$78.50 and the August Brent contract settled up 68 cents at \$82.60. The product markets ended the session mixed, with the heating oil market settling up 1.95 cents at \$2.4408 and the RB market settling down 1.45 cents at \$2.3944.

**Technical Analysis:** The oil market may continue to retrace some of its recent gains and trade mostly sideways amid the hawkish signal from the Federal Reserve as it left rates unchanged and projected one rate cut this year and raised its inflation forecast. The market may also focus on the IEA's cut in its demand growth estimate for this year to 960,000 bpd from 1.1 million bpd. The crude market is seen finding resistance at its high and 50% retracement level off a high of \$86.16 to a low of \$72.48 to \$79.32, followed by \$79.42, \$80.62 and \$80.93. Meanwhile, support is seen at \$77.88, \$77.22, \$75.23-\$75.21, \$74.06, \$72.82 and \$72.48.

**Fundamental News:** The EIA reported that U.S. crude oil stocks increased by 3.73 million barrels in the week ending June 7<sup>th</sup> to 459.7 million barrels. U.S. Gulf Coast crude oil stocks increased by 6.1 million barrels to 266.7 million barrels, the highest level since April 2023. It reported that U.S. crude oil imports increased last week to their highest level since August 2018, as volumes from Mexico rebounded and the expanded Trans Mountain pipeline increased shipments from Canada.

The International Energy Agency said The IEA cut its 2024 oil demand growth forecast by 100,000 bpd to 960,000 bpd citing slower demand in developed countries, while a muted economy and increase of green energy should bring 1 million bpd growth next year. It said non-OPEC+ producers led by the U.S. will make up three-quarters of the production capacity increase to 2030. The IEA also stated that global oil demand will peak by 2029 and begin to contract the next year, while oil supply capacity is due to outpace demand by the end of the decade. The IEA sees supply capacity reaching nearly 114 million bpd by 2030 or a full 8 million bpd above projected demand in its annual oil report. The IEA said oil demand growth will plateau at 105.6 million bpd by 2029 before contracting slightly in 2030 as electric car use rises, efficiency improves and power generation moves away from oil.

S&P Global Commodities at Sea data for June is showing that Middle Eastern diesel exports to Europe so far in June have extended the month-on-month decline seen in May after reaching record levels in April. They estimate diesel exports so far in June have been averaging 320,000 b/d, down from the 363,000 b/d exported in May and the 716,000 b/d shipped in April.

Colonial Pipeline Co is allocating space for Cycle 36 on Line 1, its main gasoline line from Houston, Texas to Greensboro, North Carolina. The current allocation is for the pipeline segment north of Collins, Mississippi.

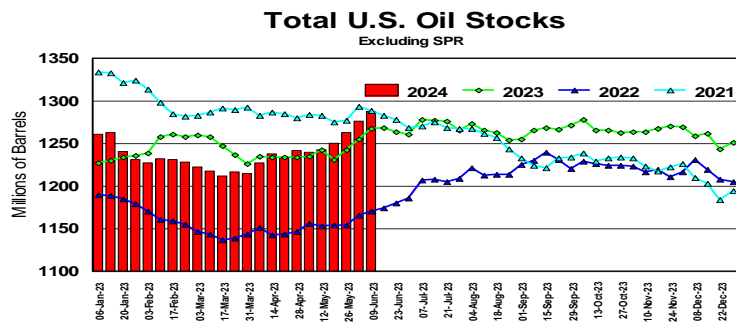
**Early Market Call - as of 8:20 AM EDT**

WTI - July \$78.17, up 33 cents  
 RBOB - July \$2.3958, up 14 points  
 HO - July \$2.4482, up 74 points

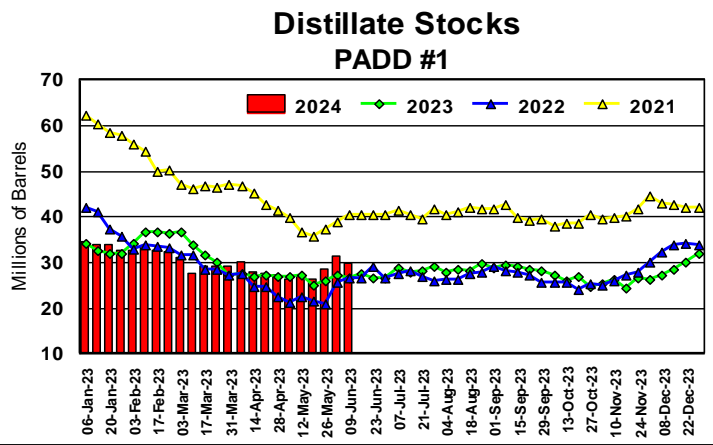
## All NYMEX | Prior Settlements

	ULSD (HO) Close	Prior Settle Change	Change In One Week
Jul-24	2.4408	0.0195	0.1397
Aug-24	2.4553	0.0185	0.1355
Sep-24	2.4707	0.0191	0.1308
Oct-24	2.4809	0.0190	0.1268
Nov-24	2.4836	0.0181	0.1223
Dec-24	2.4820	0.0166	0.1171
Jan-25	2.4861	0.0160	0.1138
Feb-25	2.4819	0.0154	0.1101
Mar-25	2.4682	0.0145	0.1067
Apr-25	2.4474	0.0137	0.1028
May-25	2.4344	0.0127	0.1000
Jun-25	2.4253	0.0118	0.0956
Jul-25	2.4241	0.0113	0.0926
Aug-25	2.4240	0.0108	0.0898
Sep-25	2.4249	0.0104	0.0870
Oct-25	2.4239	0.0097	0.0838
Nov-25	2.4185	0.0093	0.0802

Sprague HeatCurve October 2024-April 2025		\$2.4778
	Close	Change
Crude - WTI	\$78.1500	\$0.5000
Crude - Brent	\$82.6000	\$0.6800
Natural Gas	\$3.0450	-\$0.0840
Gasoline	\$2.3944	-\$0.0145



## Weekly EIA Petroleum Status Report for the Week Ending May 31, 2024



**Overall U.S. Stats**

Crude Oil Stocks(excluding SPR) Up 3.73 million barrels  
 Cushing, OK Crude Stocks Down 1.593 million barrels  
 Gasoline Stocks Up 2.566 million barrels  
 Distillate Stocks Up 881,000 barrels  
 Refinery % Operated 95%, down 0.4%

	PADD #1		
	Week Ending (in million bbl)	Week Ending May 31, 2024	Week Ending June 9, 2023
Distillate Stocks			
New England	4.3	4.3	3.3
Central Atlantic	15.3	14.7	12.3
Total PADD #1	29.7	31.2	26.6
Distillate Imports (thousands b/d)	59	88	118

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